

ADFA IRP FOR EC/EZ

(IRP) Intermediary Relending Program is a federal program through the USDA Rural Development office. ADFA has received a loan from the USDA for \$1 million to relend specifically to businesses in the Eastern Arkansas Enterprise Communities and Empowerment Zones.

? ? Maximum IRP loan size is \$250,000 per project.

? ? Loans must be matched by another lender, such as local bank, any non-federal government agency, non-bank lenders, or non-profit agency.

? ? Allowed uses of proceeds are fixed assets such as land, building, and equipment.

? ? Interest rate is normally set at 3% fixed rate for the term of the loan.

? ? Loan terms are matched to the collateral. Maximum equipment loan is 7 years. Maximum real estate loan is for 15 years. Loans have level monthly payments.

? ? IRP funds can be used with Tax-Exempt Enterprise Zone Facility Bonds.

OTHER INCENTIVES AVAILABLE TO EZ/EC BUSINESSES

ELIGIBILITY TO USE TAX-EXEMPT ENTERPRISE ZONE FACILITY BONDS. Benefits include below market interest rates and long term fixed rates. Can be used for businesses such as manufacturing, distribution, service industries, warehousing and wholesale operations. Limited to \$3 million per business.

EMPLOYMENT TAX CREDITS. Up to \$3,000 per year for each qualified zone employee. Maximum credit is 20% of the first \$15,000 of qualified zone wages. Employees must live within the zone and substantially all of the work must be performed in the zone. Exclusions include wages paid to relatives or part-owners, farm workers, employees of less than 90 days and specific employers such as golf courses, county clubs, massage parlors, suntan facilities, places of gambling and liquor stores.

INCREASED TAX DEDUCTIONS UNDER SECTION 179. The maximum standard \$17,500 deduction available for certain depreciable property is increased to \$20,000. The upper phaseout bracket is essentially doubled for qualified property and qualified businesses within empowerment zones.